

Message Text

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C O N F I D E N T I A L CARACAS 4100

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TAGS: ASEC PINS VE

SUBJ: NIEHOUS KIDNAPPING: CONVERSATION WITH THE PRESIDENT

REF: CARACAS 4009

1. SUMMARY: THIS MESSAGE REPORTS FURTHER DETAILS OF MY TALK WITH THE PRESIDENT AND OFFERS SOME ANALYSIS OF HIS MOTIVATIONS AND STYLE OF ACTION. WE DISCUSSED THE QUESTION OF WHETHER O-I WAS USUFFICIENTLY AWARE OF GOV POLICY AT THE TIME IT TOOK THE DECISION

TO PUBLISH THE KIDNAPPERS' COMMUNIQUE. THE PRESIDENT INSISTED THAT THE CO COULD HAVE BEEN UNDER NO MISAPPREHENSION, WHILE I POINTED OUT THAT THE RESPONSIBLE OFFICERS IN TOLDO DID NOT SEEM FULLY TO HAVE UNDERSTOOD THE PRESIDENT'S DETERMINATION THAT THE COMMUNIQUE WAS NOT TO BE RELEASED ABROAD. THE PRESIDENT AGREED WITH ME THAT O-I HAS A GOOD RECORD HERE AND SAID HE UNDERSTOOD WHY CONCERN FOR THE LIFE OF AN EMPLOYEE WOULD LEAD THE COMPANY TO THE DECISION IT TOOK. HOWEVER, HE REGARDED THAT DECISION AS DEFIANCE OF HIS AUTHORITY. PEREZ RATED THE CHANCE THAT NIEHOUS WOULD COME OUT ALIVE AS FAIRLY GOOD BUT DID NOT EXPRESS THE CERTAINTY EXHIBITED BY THE MINISTER OF INTERIOR ON THIS POINT. HIS IMPULSIVE DECISION TO TAKE THIS DRASTIC ACTION AGAINST O-I FOLLOWS A FAMILIAR PEREZ PATTERN. I BELIEVE THE COMPANY HAS MADE THE CORRECT CHOICE IN ATTEMPTING TO BUY TIME WHILE HE COOLS OFF. THE PROSPECTS FOR A COMPLETE REVERSAL OF THE DECISION TO FORCE THE SALE OF O-I'S SUBSIDIARY DO NOT SEEM GOOD BUT A FACE-SAVING DEVICE COULD APPEAR THAT WOULD ALLOW A MORE EQUITABLE SOLUTION. END SUMMARY.

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2. AS I HAVE NOTED BEFORE, AN ISSUE OF SOME IMPORTANCE IN THIS

AFFAIR IS WHETHER OWENS-ILLINOIS WAS ADEQUATELY INFORMED OF GOV POLICY IN ADVANCE OF ITS DECISION TO PUBLISH. IN OUR TALK LAST

NIGHT THE PRESIDENT INSISTED THAT THE CO MUST HAVE KNOWN FULL WELL THAT IT WOULD BE RUNNING A SERIOUS RISK. HE CITED STATEMENTS MADE TO O-I REPRESENTATIVES BY POLICE OFFICIALS (CARACAS 3116) AND BY THE MINISTER OF INTERIOR(CARACAS 3976)M HE FURTHER NOTED THAT IT SHOULD HAVE BEEN OBVIOUS TO THE CO IN THE WAKE OF THE ACTION HE HAD TAKEN AGAINST TV CHANNEL 2 AND THE RESTRICTIONS PLACED ON THE PRESS THAT THE GOV WAS DETERMINED TO PREVENT PUBLICATION. I SAID IT WAS MY IMPRESSION THAT COLEMAN AND OTHER RESPONSIBLE OFFICIALS IN TOLEDO HAD NOT BEEN ALL THAT CLEAR.I ALSO EXPRESSED MY REGRET THAT THE GOV HAD NOT SEEN FIT TO DISCUSS WITH ME ITS POLICY NOR TO INFORM ME IN ADVANCE OF THE ACTION IT CONTEMPLATED. THE PRESIDENT SAID HE HAD TRIED TO REACH ME EARLY IN THE EVENING ON APR 6 BEFORE THE ANNOUNCEMENT IN ORDER THAT I WOULD NOT LEARN OF THE COMMUNIQUE THRU THE PRESS. (THE FOREIGN MINISTER DID PUT IN A CALL FOR ME SHORTLY AFTER 6PM BUT I WOULD NOT REGARD AN HOUR'S NOTICE AS MUCH IN THE WAY OF ADVANCE WARNING).

3. I EMPHASIZED TO THE PRESIDENT THAT, AS FAR AS WE CAN DETERMINE, OWENS-ILLINOIS HAS AN IMPECCABLE RECORD IN VENEZUELA AND HAS CONTRIBUTED SUBSTANTIALLY TO DEVELOPMENT HERE. I SAID IT SEEMED MOST UNFORTUNATE THAT THE CO SHOULD BE SO HEAVILY PENALIZED THRU WHAT MAY WELL HAVE BEEN A MISUNDERSTANDING OR FAILURE OF COMMUNICATIONS. THE PRESIDENT REVEALED THAT HE HAD NEVER HEARD OF O-I BEFORE THE KIDNAPPING BUT NOW FAMILAR WITH ITS OPERATION HE AGREED WITH ME THAT THE COMPANY HAS CONDUCTED ITS BUSINESS IN A SERIOUS AND RESPONSIBLE FASHION. HE ADDED THAT HE UNDERSTOOD THE "HUMAN FACTORS" THAT LED O-I TO THE DECISION TO PUBLISH BUT HE COULD NOT ACCEPT DEFIANCE OF VENEZUELAN LAW AND POLICY. HE AGAIN INSISTED THAT ADEQUATE ADVANCE NOTICE HAD BEEN GIVEN. (COLEMAN TELLS ME HE DISCUSSED THE SAME ISSUE AT LENGTH WITH LAURIA AND QUERO MORALES LAST NIGHT. THEY SEEMED TO ACCEPT HIS ARGUMENT THAT THE CO DID NOT HAVE A FULL GRASP OF GOV POLICY BUT NOTED THAT THE PRESIDENT'S ACTION MUST NOW BE REGARDED AS IRREVERSIBLE).
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4. PEREZ WAS PARTICULARLY ANGRY ABOUT WHAT HE REFERRED TO AS DEFAMATIO OF HIS GOVT PERPETRATED BY THE PUBLICATION OF THE KIDNAPPERS' COMMUNIQUE. ALTHOUGH HE CONSISTENTLY CAST HIS RESPONSE IN TERMS OF MAINTAINING A FIRM ATTITUDE TOWARD TERRORISTS, IT WAS CLEAR THAT HE REGARDED THE ADVERTISEMENTS IN LEADING FOREIGN NEWSPAPERS AS AN OFFENSE AGAINST HIS OWN AND HIS GOVT'S DIGNITY. I NOTED THAT THE COMMUNIQUE

WAS FEEBLE MATERIAL BACKED UP BY OBVIOUS FABRICATIONS AND UNLIKELY TO BE PERSUASIVE TO FOREIGN AUDIENCES. HE WAS NOT CONVINCED.

5. ON THE KIDNAPPING ITSELF, THE PRESIDENT SAID CATEGORICALLY THAT HIS GOVT ASSUMES RESPONSIBILITY FOR THE SAFETY OF ALL FOREIGNERS IN VENEZUELA. HE ASSERTED THAT HIS INTELLIGENCE PEOPLE HAD BEEN FORECASTING A KIDNAPPING, THAT VARIOUS LIKELY TARGETS HAD BEEN PUT UNDER SURVEILLANCE BUT THAT NO ONE EVER THOUGHT OF NIEHOUS IN THAT CONNECTION. IT WAS HIS VIEW THAT THE KIDNAPPING HAD A "SOUTHERN FLAVOR" ABOUT IT, MEANING THAT HE STILL THINKS CHILEAN, URUGUAYAN AND/OR ARGENTINIAN TERRORISTS ARE INVOLVED. HE REPEATED TO ME THE MINISTER OF INTERIOR'S ASSERTION THAT NONE OF THE EXISTING TERRORIST GROUPS HERE IS RESPONSIBLE. HE DID THINK THAT THE KIDNAPPERS HAD A COLLABORATOR WITHIN THE CO AND EXPRESSED IMPATIENT DISAPPOINTMENT THAT THE AUTHORITIES HAVE SO FAR BEEN UNABLE TO IDENTIFY THE GUILTY EMPLOYEE. WITH RESPECT TO THE VENTUAL OUTCOME, PEREZ WAS LESS OPTIMISTIC THAN HIS MINISTER OF INTERIOR. HE CALCULATED THE CHANCES AS FAIRLY GOOD THAT NIEHOUS WOULD NOW BE RELEASED BUT SAID THAT THERE COULD BE NO SURETY AND THAT OBVIOUSLY THE MAN'S LIFE WAS STILL VERY MUCH IN DANGER.

6. COMMENT: THE PRESIDENT'S REACTION IN THIS CASE FOLLOWED A FAMILIAR PATTERN OF IMPULSE AND ANGER. HE WAS BADLY STUNG BY WHAT HE TOOK TO BE THE COMPANY'S OUTRIGHT DEFIANCE OF HIS AUTHORITY AND ORDERS. HE THEN ACTED, DRAMATICALLY AND RASHLY. UNFORTUNATELY, HIS MINISTERS ARE NOT INCLINED TO URGE PRUDENCE OR CONTEST HIS WILL. THE RESULT WAS THE TAKING OF AN EXTREME PUBLIC POSITION WITHOUT THINKING THE PROBLEM THRU OR CONSULTING THOSE WHO MIGHT HAVE GIVEN HIM MORE MEASURED ADVICE. I BELIEVE O-I IS FOLLOWING THE CORRECT TACTICAL APPROACH IN SEEKING TO BUY TIME WHILE PEREZ COOLS
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OFF AND THE PROBLEM COMES INTO BETTER FOCUS. HOWEVER, I AM NOT OPTIMISTIC THAT HIS DECISION CAN BE REVERSED. BUT THERE MAY BE SOMEWHERE A FACE-SAVING DEVICE WHICH WILL ALLOW A MORE ACCEPTABLE COMPROMISE SOLUTION. I WILL BE CONSULTING WITH SOME OF THOSE IN HIS CIRCLE WHO MAY BE ABLE BETTER TO GRASP HOW POTENTIALLY SERIOUS THIS PROBLEM IS.
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